CLEARANCE CAPITAL LIMITED

(Registered number: 06760235)

Annual report and financial statements

For the financial period from 1 January 2018 to 31 December 2018

Contents of the annual report and financial statements

Company information

Registered Number: 06760235

Directors

	Appointed
W J Hamman	27 November 2008
C M Cloete	9 February 2016
S L Bryant	9 February 2016
J C van der Merwe	9 February 2016

Company secretary
C Cloete

Auditor
MHA MacIntyre Hudson
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Banker
Coutts & Co
440 Strand
London
WC2R 0QS

Registered office
26 Throgmorton Street
London
EC2N 2AN

Strategic report

Principal activity

The principal activity of Clearance Capital Limited ("the Company") is the provision of investment advisory and management services. The Company is authorised and regulated by the Financial Conduct Authority in the United Kingdom to provide investment advisory and management services.

Review of the business

The Company's profit amounted to £631,696 for the financial period from 1 January 2018 to 31 December 2018 (period ended 31 December 2017: £1,267,577) as shown in the statement of comprehensive income on page 8. The Company's statement of financial position as detailed on page 9 shows total shareholder's funds of £5,897,574 (31 December 2017: £5,265,878). The Directors are satisfied with the performance of the business.

No dividend was declared during the period or in the period since the statement of financial position date.

Key performance indicators (KPIs)

KPIs are subscriptions to, and performance of, the funds managed, also the levels of advisory services and of administrative expenses.

Financial risk management

The key business risks and uncertainties affecting the business relate to the performance of the funds to which the Company acts as investment manager or advisor and the level of other advisory income.

The Company is exposed to currency risk as fees are received in foreign currency. The Company is also exposed to market risk, including price and foreign exchange risks, liquidity risks from its investment in the funds it manages. The Board is responsible for the effective management of these risks.

Future developments

The Directors anticipate no significant change to the Company's activities.

CM Cloete

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C M Cloete

Director

25 April 2019

Directors' report

The Directors present their report and the financial statements of the Company for the period ended 31 December 2018.

Certain information required to be included in a directors' report has been included in the strategic report instead. This refers to disclosures and future developments.

Directors

W J Hamman, C M Cloete, S L Bryant, and J C van der Merwe served as Directors during the entire reporting period.

Going concern

These financial statements have been prepared on a going concern basis. The Company has sufficient financial resources and ongoing contracts for the provision of investment management and advisory services. As a result, the Directors believe that it is appropriate for the financial statements to be prepared on the going concern basis.

Statement as to disclosure of information to auditor

So far as the Directors are aware, there is no relevant audit information (as required by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, MHA MacIntyre Hudson, has indicated their willingness to continue in office and a resolution concerning their reappointment will be put to the Directors meeting approving these financial statements.

CM Cloete

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C M Cloete

Director

25 April 2019

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company at the end of the period and of the profit or loss of the Company for the period then ended.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable United Kingdom accounting standards, subject to departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Clearance Capital Limited

Opinion

We have audited the financial statements of Clearance Capital Limited (the 'Company') for the year ended 31 December 2018 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors

As explained more fully in the directors' responsibilities statement as set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Deborah Weston

Deborah Weston (Senior Statutory Auditor)
For and on behalf of MHA MacIntyre Hudson, Statutory Auditor
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

25 April 2019

Statement of comprehensive income

for the financial period from 1 January 2018 to 31 December 2018

	Notes	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Income	4	2,452,421	2,863,954
Operating expenses	5	(1,896,199)	(1,254,793)
Operating profit	8	556,222	1,609,161
Interest receivable	9	106	289
Realised and unrealised gains on investments	12	233,603	361,060
Profit on ordinary activities before taxation		789,931	1,970,510
Taxation	10	(158,235)	(702,933)
Profit for the financial year		631,696	1,267,577

All amounts are in respect of continuing operations. There is no comprehensive income other than the profit for the financial year.

The notes on pages 12 to 28 form part of these financial statements.

Statement of financial position

as at 31 December 2018

	Notes	As at 31 December 2018 £	As at 31 December 2017 £
Fixed assets			
Fixed assets	11	6,840	4,051
Investments	12	3,360,161	3,363,771
		3,367,001	3,367,822
Current assets			
Debtors	14	1,559,227	2,383,555
Cash at bank and in hand		1,990,466	1,231,712
		3,549,693	3,615,267
Creditors - amounts falling due within one year	15	(1,019,120)	(1,717,211)
Net current assets/(liabilities)		2,530,573	1,898,056
Total assets less current assets/(liabilities)		5,897,574	5,265,878
Net assets		5,897,574	5,265,878
Capital and reserves			
Called up share capital	16	200,000	200,000
Profit and loss account		5,697,574	5,065,878
Equity shareholder's funds		5,897,574	5,265,878

These financial statements were approved and authorised for issue by the Company's Directors on 25 April 2019.

CM Cloete

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C M Cloete
Director

The notes on pages 12 to 28 form part of these financial statements.

Statement of changes in equity

as at 31 December 2018

	Share capital	Profit and loss account	Total
	£	£	£
At 1 April 2017	200,000	3,798,301	3,998,301
Profit for the period	-	1,267,577	1,267,577
At 31 December 2017	200,000	5,065,878	5,265,878

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2018	200,000	5,065,878	5,265,878
Profit for the year	-	631,696	631,696
At 31 December 2018	200,000	5,697,574	5,897,574

There were no dividends during the year ended 31 December 2018 or the period ended 31 December 2017.

The notes on pages 12 to 28 form part of these financial statements.

Cash flow statement

for the financial period from 1 January 2018 to 31 December 2018

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Cash flows from operating activities		
Profit for the financial year	789,931	1,970,510
Adjustments for:		
Decrease/(increase) in trade and other debtors	824,398	(2,016,295)
Decrease in trade creditors	(182,749)	(1,246,437)
Realised and unrealised gains on investments	(233,603)	(361,060)
Depreciation of tangible fixed assets	2,130	2,601
Corporation tax paid	(275,192)	(530,463)
Net cash generated from operating activities	924,915	(2,181,144)
Cash flows from investing activities		
Purchases of tangible fixed assets	(4,919)	(134)
Proceeds from the disposal or redemption of investments	2,038,746	2,966,642
Acquisition of investments	(1,801,533)	(400,000)
Net cash generated from investing activities	232,294	2,566,508
Cash flows from financing activities		
Purchase of non-controlling interest in Partnership	-	(74,542)
Decrease in amounts due to Directors	(398,455)	(550,447)
Net cash generated from financing activities	(398,455)	(624,989)
(Decrease)/Increase in cash and cash equivalents	758,754	(239,625)
Cash and cash equivalents at beginning of year	1,231,712	1,471,337
Cash and cash equivalents at end of year	1,990,466	1,231,712

The notes on pages 12 to 28 form part of these financial statements.

Notes to the financial statements

for the financial period from 1 January 2018 to 31 December 2018

1. General information

Clearance Capital Limited is registered in England and Wales. The address of the registered office and place of business of the Company is 26 Throgmorton Street, London, EC2N 2AN.

2. Accounting policies

2.1 Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with United Kingdom accounting standards, incorporating Financial Reporting Standards 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and with the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. Relevant disclosure is set out in note 3.

During the prior period the Directors of the Company chose to alter the accounting reference date from 31 March to 31 December. This change has resulted in the prior year comparatives representing 9 months of operations, compared to 12 months in the current period.

The following principal accounting policies have been applied:

2.2 Revenue recognition

Revenue is recognised on an accruals basis to the extent that it is probable that future economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Performance fees are recognised upon crystallisation.

2.3 Taxation and deferred taxation

Provision is made for corporation tax at current rates on the excess of taxable income over allowable expenses. Deferred taxation is provided on all timing differences that have originated but not reversed by the statement of financial position date other than those differences regarded as permanent. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Any deferred tax assets and liabilities recognised are provided at the average rate of tax expected to apply when the asset and liability crystallises and are not discounted.

Notes to the financial statements

for the financial period from 1 January 2018 to 31 December 2018

2. Accounting policies (continued)

2.4 Functional and presentation currency

The functional and presentation currency of the Company is pounds Sterling.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into pounds Sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the statement of comprehensive income.

2.5 Financial instruments

Financial assets

The Company's financial assets comprise basic financial instruments, being trade and other receivables, cash balances and holdings in investment funds.

Cash is represented by cash deposits with financial institutions repayable without penalty on notice of no more than 24 hours.

Trade and other receivables are initially measured at transaction price and thereafter at amortised cost. Any impairment loss is recognised in the statement of comprehensive income.

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through profit or loss if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

Up until 31 December 2017 the Company held 100% of the equity rights in Clearance Capital LLP. This investment was measured at cost less impairment. The LLP was in liquidation at 31 December 2017 and was dissolved on 20 March 2018.

Financial assets are derecognised when contractual rights to the cash flows from the financial asset expire or are settled, or when substantially all the risks and rewards of ownership have been transferred.

Impairment

An impairment loss is measured as the difference between an asset's carrying amount and best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Notes to the financial statements

for the financial period from 1 January 2018 to 31 December 2018

2. Accounting policies (continued)

2.5 Financial instruments (continued)

Financial liabilities

The Company's financial liabilities comprise basic financial instruments, being trade and other payables. These are measured initially at transaction price and thereafter at amortised cost.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.6 Fixed assets

Tangible fixed assets are stated under the cost model at historical cost less accumulated depreciation and any accumulated impairment losses. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method as follows:

Fixtures and fittings	-	over 5 years
Computer equipment	-	over 3 years
Intangible assets	-	fully depreciated in year of acquisition

2.7 Expenses

Expenses incurred are recognised on an accruals basis.

2.8 Operating leases

Rentals payable under operating leases are charged to the statement of comprehensive income as incurred. Any incentives to enter in to an operating lease are credited to the Statement of Comprehensive Income as a reduction to the rental expense on a straight-line basis over the lease term.

Notes to the financial statements

for the financial period from 1 January 2018 to 31 December 2018

2. Accounting policies (continued)

2.9 Pensions

In terms of the Pensions Act 2008, the Company has automatically enrolled its employees to a defined contribution workplace pension plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are included within accrued expenses in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the statement of financial position and the amounts reported for revenue and expenses during the year.

No significant judgements were required in the process of applying the accounting policies.

Critical accounting estimates and assumptions

The Directors make estimates and assumptions concerning the future. The resulting accounting estimates may not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next financial year are addressed below.

Useful economic lives of non-financial assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, economic utilization and the physical condition of the assets. See note 11 for the carrying amount of the non-financial tangible assets and note 2.6 for the useful economic lives for each class of asset.

Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the debtors and historical experience. Note 14 contains details of the net carrying amount of the debtors and any associated impairment provision.

Notes to the financial statements

for the financial period from 1 January 2018 to 31 December 2018

3. Judgments in applying accounting policies and key sources of estimation uncertainty (continued)

Investments

The acquisition price for the non-controlling interest in Clearance Capital LLP in the year ended 31 March 2016 is subject to upward and downward adjustment over a period of four years based on future profitability. The Company makes a best estimate of the overall purchase price based on forecasts.

See note 12 for the basis of valuation of other investments.

4. Income

The Company's fee income is derived from the provision of investment advisory and management services, a continuing activity.

Fee income, which is stated net of value added tax, is fee income earned on the supply of investment advisory and management services in the United Kingdom to the Cayman Islands, Luxembourg, Mauritius, the United States of America, and Guernsey. Fees are recognised on an accruals basis. Performance fee income is recognised once the Company is legally entitled to it. These fees amounted to £2,297,123 for the year (period ended 31 December 2017: £2,863,954).

The company recovers research costs from the funds to which it provides services. This other income amounted to £155,298 for the year ended 31 December 2018 (2017: £Nil).

Fee income arises from activities in the United Kingdom for services to the following countries:

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Cayman Islands	-	926,402
Luxembourg	355,065	-
Mauritius	2,612	1,323
United States of America	1,578,339	1,717,836
United Kingdom	60,937	52,304
Guernsey	300,170	166,089
	2,297,123	2,863,954

5. Operating expenses

Operating expenses include depreciation, foreign exchange gains and losses, IT expenses, staff costs (set out in note 6), premises expenses, professional fees, travel costs and research costs. Expenses are recorded on an accruals basis.

Notes to the financial statements

for the financial period from 1 January 2018 to 31 December 2018

6. Staff costs

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Wages and salaries	966,917	719,085
Social security costs and tax	119,920	120,867
Pension and medical costs	37,693	19,071
	1,124,530	859,023

	December 2018 Number	December 2017 Number
Average monthly number of employees:		
Administration and support	4	4
Investment analysis and trade execution	7	7

7. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services during the period ended 31 December 2018 was:

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Remuneration	469,599	628,612
	469,599	628,612

The highest paid director received remuneration of £178,008 during the year ended 31 December 2018 (period ended 2017: £169,613).

Notes to the financial statements

for the financial period from 1 January 2018 to 31 December 2018

8. Operating profit

The operating profit is stated after charging:

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Remuneration of auditor – audit services	15,450	15,000
Operating lease rentals – buildings and service charge	106,384	76,850
Depreciation – owned assets	2,130	2,601
Foreign exchange loss	(46,917)	(40,844)

9. Interest receivable and similar income

	Year ended 31 December 2018	9 months ended 31 December 2017
Bank interest	106	289

10. Current taxation

Analysis of charge in the year	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
UK corporation tax	150,919	308,314
Prior year adjustment	4,720	(14,874)
Total current tax for the year	155,639	293,440
Deferred tax	2,596	409,493
Prior year adjustment	-	-
Total deferred tax for the year	2,596	409,493
Total tax for the year	158,235	702,933

Notes to the financial statements

for the financial period from 1 January 2018 to 31 December 2018

10. Current taxation (continued)

Factors affecting current tax charge for the year:

The current taxation charge for the year is different from the standard rate of corporation tax in the UK of 19% (2017: 19%). The differences are explained below:

	Year ended 31 December 2018	9 months ended 31 December 2017
Profit on ordinary activities before taxation	789,931	1,970,510
Theoretical tax at corporation tax rate of 19% (31 December 2017: 19%)	150,087	374,397
Effect of:		
Net unrealised gains on investments - non-taxable	(44,385)	(57,934)
Net gain on Clearance Capital LLP investment previously taxed	-	(10,668)
Chargeable gains	43,804	1,957
Depreciation (less than)/in excess of capital allowances	(530)	469
Expenses not deductible for tax purposes	1,943	332
Prior year adjustment to current tax	4,720	(14,874)
Deferred tax movement	2,596	409,493
Profit allocation from LLP	-	(239)
Total tax charge	158,235	702,933

There is no unprovided deferred tax. See note 15.

Notes to the financial statements

for the financial period from 1 January 2018 to 31 December 2018

11. Fixed assets

	Intangible assets – software	Computer equipment	Fixtures and fittings	Total
	£	£	£	£
Cost at 1 January 2018	2,307	47,765	106,357	156,429
Additions	-	4,195	725	4,919
Cost at 31 December 2018	2,307	51,960	107,082	161,348
Depreciation at 1 January 2018	2,307	46,449	103,622	152,378
Depreciation during year	-	1,244	886	2,130
Depreciation at 31 December 2018	2,307	47,693	104,508	154,508
Net book value at 31 December 2017	-	1,316	2,735	4,051
Net book value at 31 December 2018	-	4,266	2,574	6,840

12. Investments

Investment in subsidiary

	As at 31 December 2018	As at 31 December 2017
	£	£
Cost at 1 January 2018	-	2,475,958
Additions	-	74,542
Proceeds from liquidation of Clearance Capital LLP	-	(2,606,642)
Gain on the liquidation of Clearance Capital LLP	-	56,142
Cost at 31 December 2018	-	-

The Company's investment in subsidiary represented its holding in Clearance Capital LLP (the "Partnership"), of which the Company was the sole member during the previous accounting period. The Company received a final liquidation distribution during the financial period from 1 April 2017 to 31 December 2017. The Partnership was dissolved on 20 March 2018.

Notes to the financial statements

for the financial period from 1 January 2018 to 31 December 2018

12. Investments (continued)

The Company acquired the 10% non-controlling interest in the Partnership previously held by its individual members during the year ended 31 March 2016. The acquisition price is subject to upward and downward adjustment thereafter over a period of five years based on the profitability of the Company. An aggregate overage payment of £74,542 became payable to the individual former partners of the Partnership based on the results of the Company for the nine months ended 31 December 2017. No overage payment will be made based on the results of the year ended 31 December 2018.

Other investments

	As at 31 December 2018 £	As at 31 December 2017 £
At 1 January 2018	3,363,771	3,018,853
Movement in net realised and unrealised gain	233,603	304,918
Acquisition of shares	1,801,533	400,000
Disposal of shares	(2,038,746)	(360,000)
At 31 December 2018	3,360,161	3,363,771
This is represented by:		
Karoo Investment Fund S.C.A SICAV-SIF	-	398
Clearance Segura Fund L.P.	-	60,722
Clearance Camino Fund	425,715	102,684
Clearance Segura Fund	850,000	1,548,581
Clearance Cantara Fund	2,084,446	1,651,386
	3,360,161	3,363,771

During the year ended 31 December 2018, the Company made investments in the Clearance Cantara Fund of £303,410 (period ended 31 December 2017: £200,000), Clearance Segura Fund of £1,153,416 (2017: £200,000) and in the Clearance Camino Fund of £344,707 (2017: Nil). Included in these amounts is an investment of £850,000 in the Clearance Segura Fund Sterling Management Shares which was made for the subscription day that fell on 2 January 2019 at the net asset value of 31 December 2018. The Company made redemptions in the Clearance Segura Fund of £1,970,037 (2017: transferred £180,000 of the holdings in each of the Clearance Cantara Fund and Clearance Segura Fund to directors) and Clearance Segura Fund L.P of £67,786 (2017: Nil). The Company also redeemed its full investment in the Karoo Investment Fund S.C.A SICAV-SIF of £923.

Notes to the financial statements

for the financial period from 1 January 2018 to 31 December 2018

12. Investments (continued)

The Company received the final liquidation proceeds from the Karoo Investment Fund S.C.A SICAV-SIF during 2018 (31 December 2017: 1 share). The Company's interest in the general partner's share of the Clearance Segura Fund L.P. was redeemed during the year (31 December 2017: £60,722 worth of the Company's interest in the general partners share). The investment in the Clearance Camino Fund (previously Stenham Real Estate Equity Fund) comprises 216,685.1914 (31 December 2017: 50,266.4119) management class shares. The investment in the Clearance Cantara Fund represents 13,644.688202 Sterling management shares (31 December 2017: 13,644.69) and 4,200 US$ Management shares (31 December 2017: Nil). The investment in the Clearance Segura Fund represents 7,290.533 Sterling management shares (31 December 2017: 13,846.89). These holdings do not represent controlling interests and the entities are not subsidiaries.

These investments are held at the net asset value of the funds, as calculated by third-party administrators. The Directors consider this to be the most appropriate measure of fair value.

Where possible the Company measures the fair value of its investments at the quoted price for an identical asset in an active market (level 1 in the fair value hierarchy). When quoted prices in an active market are unavailable, the price in an inactive market is used if available and appropriate (level 2). Otherwise fair value is measured using a valuation technique to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations (level 3).

All investments held are deemed to be level 2.

The Company is an advisor to the Clearance Cantara Fund, the Clearance Segura Fund, the general partner to the Clearance Segura Fund L.P. and to the Clearance Camino Fund (collectively, the "Funds").

13. Risks arising from financial instruments

Market risk

a) Price risk

The Company is exposed to price risk as a result of its other investments. The other investments comprise funds ("the Funds") which invest mainly in listed and unlisted European real estate securities. Not only are the Funds exposed to company-specific events affecting the securities they invest in, but also to the vagaries of the global and regional capital markets, the European real estate market and the European foreign exchange markets.

The indicative net asset values of the Funds are monitored daily. The impact of possible declines in the investment values on the solvency of the Company is reviewed on a regular basis.

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13. Risks arising from financial instruments (continued)

Market risk (continued)

a) Price risk (continued)

A 20% decline in the Sterling value of the Clearance Segura Fund would equate to a loss of £170,000, and £85,143 in the case of the Clearance Camino Fund. A 20% decline in the value of Clearance Cantara Fund would equate to a loss of £416,889.

b) Foreign exchange risk

Assets denominated in currencies other than pounds Sterling provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the pounds Sterling equivalent value. The table below summarises the exposure to foreign exchange risk.

Investments	As at 31 December 2018 £	As at 31 December 2017 £
Euros	425,715	103,082
US Dollars	351,721	60,722
	777,436	163,804
GBP Sterling	2,582,725	3,199,967
Total investments	3,360,161	3,363,771

Cash at bank and in hand	As at 31 December 2018 £	As at 31 December 2017 £
Euros	2,214	14,795
US Dollars	1,257,577	1,128,832
	1,259,791	1,143,627
GBP Sterling	730,675	88,085
Cash at bank and in hand	1,990,466	1,231,712

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for the financial period from 1 January 2018 to 31 December 2018

13. Risks arising from financial instruments (continued)

Market risk (continued)

b) Foreign exchange risk (continued)

Amounts due from debtors amounting to £602,241 (31 December 2017: £1,048,043) were denominated in US Dollars and £121,909 (31 December 2017: £166,089) were denominated in Euros. In addition, £198,654 (31 December 2017: £1,371,390) of the amount owed by Clearance Capital (Cayman) Limited to the Company was denominated in US Dollars. At 31 December 2018, had Sterling strengthened by 5% with all other variables remaining constant, the effect on foreign currency denominated assets would have resulted in a loss of £148,002 (31 December 2017: £194,648). A 5% weakening of pounds Sterling would have an equal but opposite effect.

c) Interest rate risk

There is no direct exposure to interest rate risk.

Liquidity risk

The management shares issued by the Clearance Camino Fund are redeemable on a weekly basis with a week's notice. The management shares issued by the Clearance Segura Fund and the Clearance Cantara Fund are redeemable on one month's and three months' notice respectively. The general partner's share in the Clearance Segura Fund L.P. can be withdrawn at the end of any month with one calendar months' notice. These investments are not listed.

The investment portfolios of the Funds are exposed to liquidity constraints that apply to each of its investments, and as such the funds might not be able to meet all redemption requests completely on a timely basis. The impact of the investments' liquidity on the liquid resources of the Company is considered on a regular basis.

Credit risk

The maximum exposure to credit risk is in the amount at which financial assets are included on the statement of financial position. No amounts are past due or impaired.

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13. Risks arising from financial instruments (continued)

Financial assets	As at 31 December 2018 £	As at 31 December 2017 £
Financial assets that are debt instruments measured at amortised cost	1,516,098	2,326,205
Financial assets measured at fair value through profit and loss	3,360,161	3,363,771
Cash at bank	1,990,446	1,231,712
Financial liabilities		
Financial liabilities measured at amortised cost	624,857	1,003,957

Financial assets comprise cash and debtors excluding VAT, deferred tax and prepayments.

Financial liabilities comprise all creditors excluding deferred tax, PAYE, deferred income and corporation tax.

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14. Debtors

	As at 31 December 2018 £	As at 31 December 2017 £
Prepayments	21,274	35,063
Accrued income	724,150	1,214,132
Amounts due from related parties	636,331	1,028,833
Deposits paid	67,997	67,997
Other debtors	107,177	35,302
Due from directors	2,298	2,228
	1,559,227	2,383,555

Deposits paid of £67,997 (2017: £67,997) are due in over one year.

15. Creditors - amounts falling due within one year

	As at 31 December 2018 £	As at 31 December 2017 £
Trade creditors	119,776	80,727
Accrued expenses	137,750	149,739
Deferred income	183,471	382,713
Owed to directors	349,838	748,223
Unamortised rent-free period	17,493	25,268
Corporation tax	110,919	230,472
PAYE	33,692	36,484
Deferred tax	66,181	63,585
	1,019,120	1,717,211

The deferred tax liability relates to accelerated capital allowances of £1,163 (31 December 2017: £689) and tax on unrealised gains of £65,018 (31 December 2017: £62,896).

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16. Called up share capital

Allotted, called up and fully paid:	As at 31 December 2018 £	As at 31 December 2017 £
200,000 Ordinary shares	200,000	200,000

17. Other financial commitments

At 31 December 2018, the Company had commitments under non-cancellable operating leases as set out below:

	As at 31 December 2018 £	As at 31 December 2017 £
Land and buildings		
Not later than one year	93,296	93,296
Later than one year and not later than five years	116,610	209,916
Later than five years	-	-

19. Related party transactions

Company:

Clearance Capital (Cayman) Limited

Clearance Capital (Cayman) Limited is the immediate parent company of the Company and is registered in the Cayman Islands. As at year-end, the amount receivable from Clearance Capital (Cayman) Limited amounted to £636,331 (31 December 2017: £1,028,833).

Clearance Capital LLP

The Company was the controlling member of Clearance Capital LLP, a limited liability partnership incorporated in the UK which was in liquidation at 31 December 2017 and dissolved on 21 March 2018.

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for the financial period from 1 January 2018 to 31 December 2018

19. Related party transactions (continued)

Clearance Capital LLP (continued)

During the year ended 31 March 2016, the Company acquired the interest of 2.5% in the Partnership held by 4 individual Members for £350,000 each on equal terms, subject to upward and downward adjustment based on profitability over the five years ending 31 March 2020. The four former Members of the Partnership are directors of the Company. The sales consideration is payable in four annual instalments of £87,500 to each former member of the Partnership, with the first payment made on 30 June 2016. Settlement of consideration due in the year was a combination of cash, transfer of investments in the funds and settlement of amounts due from directors. For the year ended 31 December 2018, no overage payment fell due to each former member as the Company's profit before taxation didn't exceed the threshold set in the agreement (period ending 31 December 2017: £18,634 per partner and an aggregate liability for the overage payment amounting to £74,542). At 31 December 2018, an aggregate amount was due to the directors of £349,838 (31 December 2017: £748,223).

20. Ultimate parent company

The Company is a wholly owned subsidiary of Clearance Capital (Cayman) Limited, a company registered in the Cayman Islands. Whippersnapper Limited owned 54.4% of the ordinary share capital of Clearance Capital (Cayman) Limited at 31 December 2018 (unchanged from 31 December 2017). Whippersnapper Limited was wholly owned by Wessel Hamman at 31 December 2017. During 2018, he transferred his shareholding in Whippersnapper Limited to the Merlins Trust (the "Trust"), a discretionary trust whose beneficiaries are himself and his family. The Company's parent is therefore Whippersnapper Limited and the controlling party is the Trust.